

Message Text

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FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC NIACT IMMEDIATE 0762

AMEMBASSY KUWAIT NIACT IMMEDIATE

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C O R R E C T E D C O P Y

E.O. 11652: N/A

TAGS: SOPN, OVIP(PERCY, CHARLES)

SUBJECT: CODEL PERCY

1. REQUEST DEPARTMENT PASS FOLLOWING TO T. FLAHERTY, PERCY OFFICE, WASH., D.C. REQUEST USIS KUWAIT RELEASE TO AP, UPI AND OTHER APPROPRIATE NEWS SERVICES. NOTE 10 AM JANUARY 10, 1974 EMBARGO. PRESS RELEASE SUBJECT: QTE MULTINATIONAL CORPORATION SUBCOMMITTEE REPORT ON MULTINATIONAL OIL CORPORATIONS AND U.S. FOREIGN POLICY UNQTE. DATELINE: JANUARY 10, 1975, KUWAIT UNQTE.

2. BEGIN TEXT. SENATOR CHARLES PERCY SAID TODAY IN KUWAIT THAT HE AGREED WITH THE CONSERVATION THRUST OF THE REPORT OF THE MULTINATIONAL CORPORATION SUBCOMMITTEE, BUT DID NOT FEEL THAT THE REPORT CAME DOWN HARD ENOUGH ON THE NEED FOR MANDATORY REDUCTIONS HE CONSIDERS ESSENTIAL IN U.S. PETROLEUM CONSUMPTION.

3. "BEFORE WE CAN NEGOTIATE WITH THE OIL EXPORTING STATES," PERCY SAID, "WE MUST DEMONSTRATE THAT WE HAVE THE POLITICAL WILL TO CUT OUR CONSUMPTION. WITHOUT SUCH A DEMONSTRATION, THE PROBABILITY OF SUCCESS AT ANY BARGAINING TABLE IS MINIMAL."

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4. "CRITICAL TO ANY CONSERVATION EFFORT," THE SENATOR SAID, "IS A PLEDGE BY THE OIL EXPORTING STATES NOT TO RAISE PRICES TO REPLACE REVENUE LOST DUE TO LOWER CONSUMPTION LEVELS IN THE INDUSTRIALIZED NATIONS." SENATOR PERCY REPORTED THAT HE RECEIVED SUCH A PLEDGE BOTH FROM THE SHAH AN SHAH OF IRAN AND HIS OPEC REPRESENTATIVE AND MINISTER OF INTERIOR JAMSHED AMOUZEGAR. SIMILAR PLEDGES HAVE BEEN RECEIVED FROM LEADERS IN THE UNITED ARAB EMIRATES.

5. THE SENATOR SAID HE WAS ALSO GRATIFIED TO RECEIVE FIRST-HAND ASSURANCES THAT IRAN WOULD NOT BECOME DIRECTLY INVOLVED IN THE EVENT OF ANOTHER WAR BETWEEN ISRAEL AND ANY ARAB STATE, NOR WOULD IT PARTICIPATE IN ANY OIL BOYCOTT AGAINST THE UNITED STATES.

6. PRIOR TO LEAVING WASHINGTON, THE ILLINOIS SENATOR INTRODUCED A PACKAGE OF ENERGY CONSERVATION MEASURES WHICH IS INTENDED TO CUT U.S. CONSUMPTION BY 10 PERCENT AND ITS IMPORTS BY ROUGHLY ONE-THIRD. IN INTRODUCING THE LEGISLATION THE SENATOR SAID, "VOLUNTARY MEASURES ARE TOO WEAK A DEVICE FOR THE CRITICAL NATURE OF THIS CRISIS. ALL CITIZENS SHOULD BEAR THE BURDEN OF SACRIFICE, NOT JUST THE RESPONSIBLE AND THE CONSCIENTIOUS." THE PERCY PROPOSALS INCLUDE A 10-CENT GASOLINE TAX IN 1975 AND A 20-CENT TAX IN 1976 ON ANNUAL PURCHASES OVER 500 GALLONS, STIFF TAXES ON GAS-GUZZLING CARS AND TAX REBATES TO PURCHASERS OF MORE EFFICIENT CARS. THE SENATOR SAID HE FELT AN IMPORT TAX WAS ALSO AN ACCEPTABLE ALTERNATIVE TO DIRECT EXCISE TAX ON GASOLINE.

7. SENATOR PERCY IS ON A FACT-FINDING TRIP TO THE MIDDLE EAST FOR THE SENATE FOREIGN RELATIONS COMMITTEE. HE IS SPEAKING WITH THE OIL EXPORTING COUNTRIES AND EXAMINING THE CONTINUED ARAB-ISRAELI CONFLICT. END TEXT.
ZWEIFEL

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